

I am speaking on behalf of the Metro Coalition of Congregations which has representatives from about 30 churches in Oakland and Macomb counties. We appreciate the opportunity of testifying in support of expanding eligibility for Medicaid along the lines of the Healthy Michigan program and the new SB4714 (from 7/24/13). There are 4 very strong reasons to support this expansion: (1) it will provide health insurance for about 400,000 people who don't have any other reasonable alternative. (2) It will save the state budget over \$1B during the next decade. (3) It will bring \$1-2B of our federal taxes back to Michigan to pay for this healthcare and boost our economy. These 3 advantages have been widely acknowledged: by the governor, by the Senate and House fiscal agencies, by the University of Michigan Center for Healthcare Research and Transformation, and by most major newspapers in Michigan. The 4<sup>th</sup> advantage is that it will help Michigan businesses be more competitive by reducing their insurance premiums. This is why many small business groups support expanding Medicaid. It will also improve the health of low income workers, and that will be good for the businesses that rely on these workers.

As people of faith, we focus on one important question: is there any other practical, near term way to provide healthcare for the 400,000 people who could benefit from the Healthy Michigan program? If there is, we have not heard about it. We therefore think the only moral action is to vote soon in favor of expanding Medicaid eligibility.

There is one additional advantage of the Healthy Michigan program that has not received much attention. The current Medicaid program has a perverse incentive. Very poor people are eligible for Medicaid, but if their income increases they become ineligible. Thus, people with health problems have a very strong incentive to limit their income so they remain on Medicaid. This fosters the kind of dependence that we should try to avoid. And it robs these people of the dignity of striving to be self supporting. The Healthy Michigan program allows people to maintain their health insurance as they grow their income, until they make enough to qualify for tax credits on the new Insurance Exchanges. Since the Exchanges provide better insurance than Medicaid, there continues to be an incentive to earn more. And every person who increases their income so they get above the limit for traditional Medicaid reduces the state's cost for Medicaid. (Michigan's cost sharing for the traditional Medicaid population is 33%, vs. 0-10% for the expanded eligibility category).

We believe that programs have to be effective as well as moral. We think that the House Bill 4714 and the new SB4714 have a number of features that may help the effectiveness of Medicaid, and some that are cause for concern. It is certainly reasonable to look for ways to help the Medicaid recipients be more responsible for their health and to use preventive care rather than emergency rooms. But we are concerned about the 5-7% cost sharing required in HB4714. There is a fair body of evidence that Medicaid recipients will sometimes forgo needed care because they feel they cannot afford the co-pays. The state should continue to examine the effect of these co-pays: we do not want to have to pay for expensive hospital treatment for people who missed out on preventive care.

Here is another small concern about SB4714. On page 8 line 20 there is language that will force hospitals that accept Medicaid to lower their rates charged to uninsured people who make up to 500% of the poverty level. This may cause some hospitals to stop accepting Medicaid. Why should Medicaid recipients be held hostage to try to force better rates for uninsured middle class people? The House version applies only to people who make up to 100% of the poverty level. We suggest a compromise of 200%. Hospitals are likely to accept this, since they can't hope to recover much from the uninsured who make less than 200% of the federal poverty level. We note that the new health insurance Exchanges are likely to make insurance more accessible and affordable for people in the 133-400% of poverty level range. Thus we should think carefully about low caps on rates for the uninsured if they have access to affordable insurance but do not take the responsibility to buy that insurance.

We encourage the Senate to vote soon for expanding Medicaid along the lines of the current SB4714. The bureaucracy needs time to process waivers, develop computer systems, etc. Our state needs to be ready by January to treat these 400,000 people with the dignity that all humans deserve.

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